FIDUCIAN FOCUS

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Cost of living pressures have piled on and Australians can't be blamed for entering the new year with a little bit of apprehension. While inflation appears to be ticking down and the pace of interest rate hikes has slowed, there's still lots to be uncertain about.

If you're worried about your finances or just want to improve your financial position in 2025, here are a few steps you can take that might help.

Be proactive with your mortgage

The Reserve Bank's campaign to quash inflation has been felt by many mortgage holders, with interest rates rising by a staggering 4.25% since May 2022. But the good news is there are things you might be able to do to help ease the burden:

- Research the market to get a sense of what other lenders are offering. By doing so, you can see how your existing arrangement stacks up and potentially find one that's more suitable to your lifestyle.
- Consider an offset account (if you don't already have one). Offset accounts function much like regular savings accounts, but instead of earning interest on your balance you save an equivalent amount on your mortgage. And unlike a savings account, that interest saved won't attract any tax.

Be more thoughtful with your discretionary spending

Spend-now-pay-later services, credit cards, and shopping websites boasting same day delivery have made it easier than ever to send money. And for those of us trying to prioritise financial wellness in the new year, the ability to quickly satisfy every impulse to spend can be one of our biggest obstacles. To help rein in these tendencies, consider:

- Reducing or avoiding credit card use and buy-now-pay-later services.
- Wait 24 hours before any extravagant purchases. If you still want to purchase an item after a day's deliberation, that might be a sign it's worth the hit to your budget (but instead of purchasing it on credit, consider saving up for it).

Plan ahead to minimise surprises

Think about potential risks and take steps to minimise their impact on your budget. This can take many forms including:

- Having a well-stocked emergency fund
- Ensuring your investment portfolio is sufficiently diversified
- Taking out personal insurance (if you don't have any already)

Understand your cash flow

Having a cash flow strategy will differ from keeping a budget. The aim is to have a clear idea of where your money is going so any uncertainty and surprises are kept to a minimum.

Start by calculating the percentage of your income that goes towards meeting your expenses each month; don't forget to factor in those once-a-year expenses, for example, the yearly car costs or yearly subscriptions.

Visualising the flow of your money can also help you identify areas where you can afford to be more frugal. Small changes like cancelling unused or excessive memberships can make a big difference over time, and you might choose to channel any cash you save towards your investment portfolio or paying down debt.

Find ways to increase your income

There are only so many ways you can reduce your spending, and chances are there are things that cost money that you don't want to cut out of your life. To help take some of the pressure off your budget, it might be worth looking for ways to increase your income. Some things you might be able to do include:

- Renting out a spare room in your home
- Selling items you no longer need
- Negotiating a salary increase
- Looking for a higher paying job
- Taking on a side gig

As we navigate the complexities of the current economic landscape, it's essential to take proactive steps toward financial stability. By assessing your budget, exploring options for savings, and seeking professional advice if needed, you can empower yourself to face the challenges ahead with confidence. Remember, even small changes can lead to significant improvements over time. With careful planning and a focus on your financial goals, you can turn apprehension into opportunity as you move into 2025.

INHERITING PROPERTY WITH SIBLINGS: WHAT ARE YOUR OPTIONS?

If you anticipate inheriting the family home from your parents, it is understandable to concentrate on the potential advantages, such as financial security or the emotional value of preserving a family legacy. However, the dynamics of inheritance can become quite complex, especially when multiple siblings are involved. Disagreements over property division, differing financial expectations, and emotional attachments can lead to conflicts that may complicate the inheritance process.

Additionally, there may be tax implications, maintenance responsibilities, and potential legal considerations to navigate. To ensure a smooth transition and to mitigate potential disputes, it is advisable to engage in open communication with your siblings and consider seeking professional guidance. This proactive approach can help clarify intentions, establish shared goals, and ultimately preserve family harmony. Here are a few considerations:

Selling the property

Selling the property might be your first choice, or it might be a potential solution if you and your siblings can't agree on what to do with the property and would rather wash your hands of it.

If you were left with an equal share, then the proceeds of the sale can be divided equally. If not, then the amount each person will be entitled to might correspond to their stake in the property.

Keep in mind that your share of any capital gains from selling the property will have to be declared in your tax return. There are, however, some cases where you might be exempt from paying capital gains tax, such as if your parents acquired the property before 20 September 1985 and you and your siblings dispose of it within two years of inheriting it. Before making any decisions, consider seeking professional tax advice so you're clear on your obligations.

Renting the property out

There's the option of keeping the property as an investment. This will require a discussion about how rental income will be divided, as well as who will take on the responsibility when it comes to liaising with real estate agents, attending strata meetings (if required), managing bills, and paying for maintenance and repairs.

Buying out your siblings

If your siblings want to put the property on the market but you find you're still attached to it, then you might want to consider buying them out. Of course, your ability to do so will depend on your financial position, and if you don't have the cash to buy their share outright, you'll need to secure financing from a bank or lender.

You should also think about engaging a solicitor or conveyancer to help you navigate the legal aspects of the sale. What's more, a valuation of the property will also need to be obtained. The market value will then be used to calculate how much stamp duty is payable on the property purchase (although there are some cases where full or partial exemptions might apply).

Private arrangement between siblings

If the above options don't suit you and your siblings, you might be able to reach another type of agreement. For example, if one sibling wants to live in the property but isn't in a position to purchase it from the others, you might agree to a rental arrangement. Just keep in mind that if you charge below market rate, there might be limits on how much you can negatively gear.

Handling inheritance disputes

Sometimes, beneficiaries can't decide what to do with an inherited property and it becomes necessary to involve the courts.

Problems can also arise when spouses or children have different ideas about what should be done with the property. Therefore, anyone inheriting a home should be vigilant for potential rifts, both within and between families.

Ultimately, selling the property may prove to be the least stressful option. Co-owning a property can present numerous complications, particularly as new generations of beneficiaries come into play. The decision, however, will ultimately depend on your family's unique circumstances and should be made in consultation with legal, financial, and advisory professionals.

NAVIGATING THE GIFT OF HOME: ESSENTIAL CONSIDERATIONS FOR A MEANINGFUL LEGACY

Gifting a house to your children can be a deeply generous and impactful gesture, providing them with a valuable asset that can enhance their financial security and create lasting family stability. However, this significant decision comes with a myriad of considerations that must be carefully weighed to ensure it aligns with your overall financial strategy, emotional well-being, and legal requirements. It's not just about transferring ownership; it's about understanding the long-term implications for both you and your children. Factors such as tax implications, the emotional dynamics within the family, and the legal processes involved all play crucial roles in this decision. By taking the time to thoughtfully assess these elements, you can make an informed choice that supports your family's future while protecting your own interests. Here are some key factors to keep in mind as you navigate this important decision:

1. Financial Implications

- Tax Considerations: Understand the potential gift tax implications
- Capital Gains Tax: When you gift an asset (including a home) this is a disposal for tax purposes. As such if the property gifted is not your principal residence, you will incur a Capital Gains Tax expense.

2. Ownership Structure

- Joint Ownership vs. Sole Ownership: Decide whether you want to transfer the property solely to one child or to all your children as joint owners. Joint ownership can prevent conflicts but may complicate future decisions about the property. Refer to our article *'Inheriting property with siblings: What are your options?'*
- Trust Options: Consider placing the home in a trust. This can provide control over how the property is managed and can help with estate planning, ensuring your wishes are honoured after your passing.

3. Emotional Considerations

- Family Dynamics: Think about how gifting a house may affect family relationships. Will all children feel treated fairly? Open discussions can help mitigate potential conflicts and misunderstandings.
- Responsibility: Gifting a home also means transferring responsibilities such as maintenance and taxes. Ensure your children are prepared for these obligations, both financially and emotionally.

4. Long-term Planning

- Your Future Needs: Consider your own housing needs. Will gifting the house leave you without a place to live? Make sure you have a plan for your housing situation post-gift.
- Retirement Considerations: Evaluate how this gift fits into your overall retirement plans. Ensure that gifting the house does not jeopardise your financial security.

5. Legal Considerations

- Title Transfer: The legal process of transferring ownership can vary by state. Make sure to follow local regulations and consider hiring a real estate lawyer to assist with the process.
- Mortgages: If the house has an existing mortgage, check if the lender allows for a transfer of ownership. You may need to pay off the mortgage before gifting the property.

6. Alternative Options

- Partial Gifts: If you're concerned about the implications of gifting a full property, consider gifting a partial interest or equity in the home, which can be a way to retain some control while still providing support.
- Renting vs. Gifting: Depending on your financial situation, renting the property to your children at a reduced rate could be an alternative. This allows you to maintain some income while helping them financially. Remember to consider the tax implications of this additional income.

Gifting a house to your children can be a meaningful way to provide support, but it requires careful thought about financial, emotional, and legal factors. Open communication with your children and seeking professional advice can help ensure that your gift is both beneficial and harmonious. Ultimately, the goal is to enhance your family's well-being while safeguarding your own financial future.

Sleep is a fundamental aspect of human health and well-being, often overlooked in our fast-paced, demanding lives. Adequate sleep is crucial not only for physical health but also for mental and emotional well-being. Research consistently demonstrates that improved sleep quality can lead to a multitude of benefits, fostering a healthier, more productive lifestyle.

Almost half of Australian adults experience sleep issues, which can affect mood, concentration, and physical health. By taking small, mindful steps towards better sleep, you can significantly improve your daily performance and overall quality of life.

Effects of Sleep Deprivation

Chronic sleep deprivation is associated with a range of negative outcomes, including:

- **Cognitive Impairment:** Lack of sleep can hinder attention, decision-making, and problem-solving abilities. This can impact both personal and professional performance.
- **Emotional Disturbance:** Sleep deprivation can lead to irritability, anxiety, and depression. A well-rested mind is better equipped to manage stress and maintain emotional balance.
- **Physical Health Risks:** Inadequate sleep has been linked to obesity, diabetes, cardiovascular disease, and a weakened immune system. The body's ability to regulate hormones related to appetite and stress is compromised with insufficient rest.

Strategies for better sleep

To improve sleep quality, consider implementing the following strategies:

1. **Establish a Consistent Sleep Schedule:** Go to bed and wake up at the same time every day, even on weekends. This helps regulate your body's internal clock.
2. **Create a Restful Environment:** Ensure your bedroom is conducive to sleep—cool, dark, and quiet. Consider using blackout curtains, earplugs, or white noise machines if necessary.
3. **Limit Screen Time Before Bed:** The blue light emitted by screens can interfere with melatonin production, making it harder to fall asleep. Aim to disconnect from electronic devices at least an hour before bedtime.
4. **Practice Relaxation Techniques:** Engage in calming activities such as reading, meditation, or gentle stretching before bed to signal to your body that it is time to wind down.
5. **Be Mindful of Diet and Exercise:** Avoid large meals, caffeine, and alcohol close to bedtime. Regular physical activity can also promote better sleep but try to avoid vigorous exercise in the hours leading up to sleep.

Prioritising sleep is essential for overall health and well-being. By recognising the profound impact of sleep on our daily lives and implementing effective strategies to improve sleep quality, individuals can enhance their physical health, emotional resilience, and cognitive function. A commitment to better sleep is a commitment to a better you.

Additional resources

- Stages of sleep – understanding sleep cycles
- Sleep hygiene tips
- Relaxation techniques

5 stages of sleep

RESTORING SIGHT AND HOPE: OUR COMMITMENT TO THE DISADVANTAGED

Globally, at least 2.2 billion people have a near or distance vision impairment. Vision impairment has serious consequences for the individual across the life course. Many of these consequences can be mitigated by timely access to quality eye care. Unfortunately, those living in poverty in developing countries don't have the access to suitable eye care.

Founded back in 2011, Vision Beyond AUS (VBA) was formed with the fund-raising efforts of Fiducian Group Executive Chairman, Indy Singh who partnered with The Rotary Club of Sydney to help support two doctors who were travelling to Northern India, with a group of volunteers, to conduct free eye surgery clinics for the desperately poor of the area. Since inception, VBA has been able to conduct over 55,900 surgeries and continues to change the lives of men, women and children in India, Myanmar, Cambodia and Nepal.

THE GOAL!

To restore the sight of 100,000 of the world's most desperately disadvantaged people who would have no other way to see again.

VBA recently hosted their annual charity dinner in Sydney to continue to raise funds and awareness for the cause. This intimate dinner is one of two annual fundraising events. The next event being the annual Golf Day on Friday 21 March 2025.

If you would like to learn more about Vision Beyond AUS and the work they do, visit www.visionbeyondaus.org.au.